



# An Introduction to Risk Management For Event Holders in Western Australia

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## **Disclaimer**

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## Introduction

Risk Management is about being aware of what may happen when planning and delivering an event. It is concerned with taking steps to limit the chances of negative impacts occurring or deciding to accept that something may occur and being prepared for the consequences. It is also concerned with maximising the opportunities associated with an event, and ensuring it is as successful and safe as possible.

Obviously, risk management is not necessarily something new. Individuals undertake risk management every day. Putting away the hose after watering the garden to avoid tripping over, or putting on a seatbelt whilst travelling by car are both examples of sensible risk management.

The emphasis is on event holders to undertake a structured approach to risk management so that they can make good decisions and demonstrate to others that they have a transparent process which shows how they reached those decisions. Those decisions will often relate to whether or not certain risks will be accepted. Risk management also gives event holders a systematic approach to identify and manage key risk exposures so that they can direct their resources towards the area where they will be most effective. No organisation has infinite resources, so being able to prioritise can be very useful in successful event planning and delivery.

This resource aims to provide practical guidance to event holders to assist with managing risks associated with their events.

The resource was primarily developed to support event holders that are successful in receiving event funding through the Regional Events Scheme. However, the content is applicable to any event holder and aligns with the Australian New Zealand Standard: Risk Management – Principles and Guidelines (AS/NZS ISO 3100:2009).\*

This resource should also be read in conjunction with the publication: *Resource for Events in Western Australia to assist in safe and efficient event planning and conduct October 2012*, available from Tourism WA's website [www.tourism.wa.gov.au](http://www.tourism.wa.gov.au)

\*Copies of this Standard are available from Standard Australia's website [www.standards.org.au](http://www.standards.org.au)

## Definitions

### What is risk management

In this context, it is the practice of systematically identifying, understanding and managing the risks encountered in the conceptualisation, planning, implementation and operation of events.

### What is risk

The impact uncertainty has on an event. It is measured in terms of likelihood and consequences (for example, the likelihood that an incident/accident might happen and prevent an event holder from successfully completing what it is they are setting out to do).

### What is risk transfer

Shifting responsibility or burden for loss to another party through legislation, contract, insurance or other means.

### What are risk reference tables

Risk Reference Tables are developed for the purpose of establishing guidance as to how risks are to be evaluated, assessed, measured, accepted and monitored. Commonly there are five tables used:

Table 1 – Existing Controls Rating Table

Table 2 – Consequence Table (Qualitative Measures of Consequence)

Table 3 – Likelihood Table (Qualitative Measures of Likelihood)

Table 4 – Risk Assessment Criteria Table

Table 5 – Risk Acceptance Criteria Table

*For a sample of these types of tables refer to Attachment A – Sample Risk Reference Tables*

### What is a risk register

A tool used to record information derived from performing a risk management process.

## Why do we need to manage risk

It is simply good management practice. It also provides structure and form to the decision making processes.

Some good reasons to manage risks include:

- Helps with event planning.
- Reducing unexpected and costly surprises.
- More effective and efficient allocation of resources.
- Better results from event management.
- Assists to clearly define insurance needs, and obtain insurance cover.
- Better information for decision-making.
- Compliance with regulatory requirements.
- Assists in preparation for auditing.
- Lessening risk encourages more people to participate in the event.
- Balancing opportunity and risk.

## When do we need to manage risk

Risk Management is a way of looking at an event and considering what can stop the organiser from achieving what they want to achieve. Therefore, risk management is an on-going process that can be applied to all aspects of an event. Event holders should carry out a risk assessment for any new event, but it is also a continuous process that is designed to help them prioritise where to dedicate resources and funds, which means the assessment should be revisited every time you hold an event and always have it 'front of mind'.

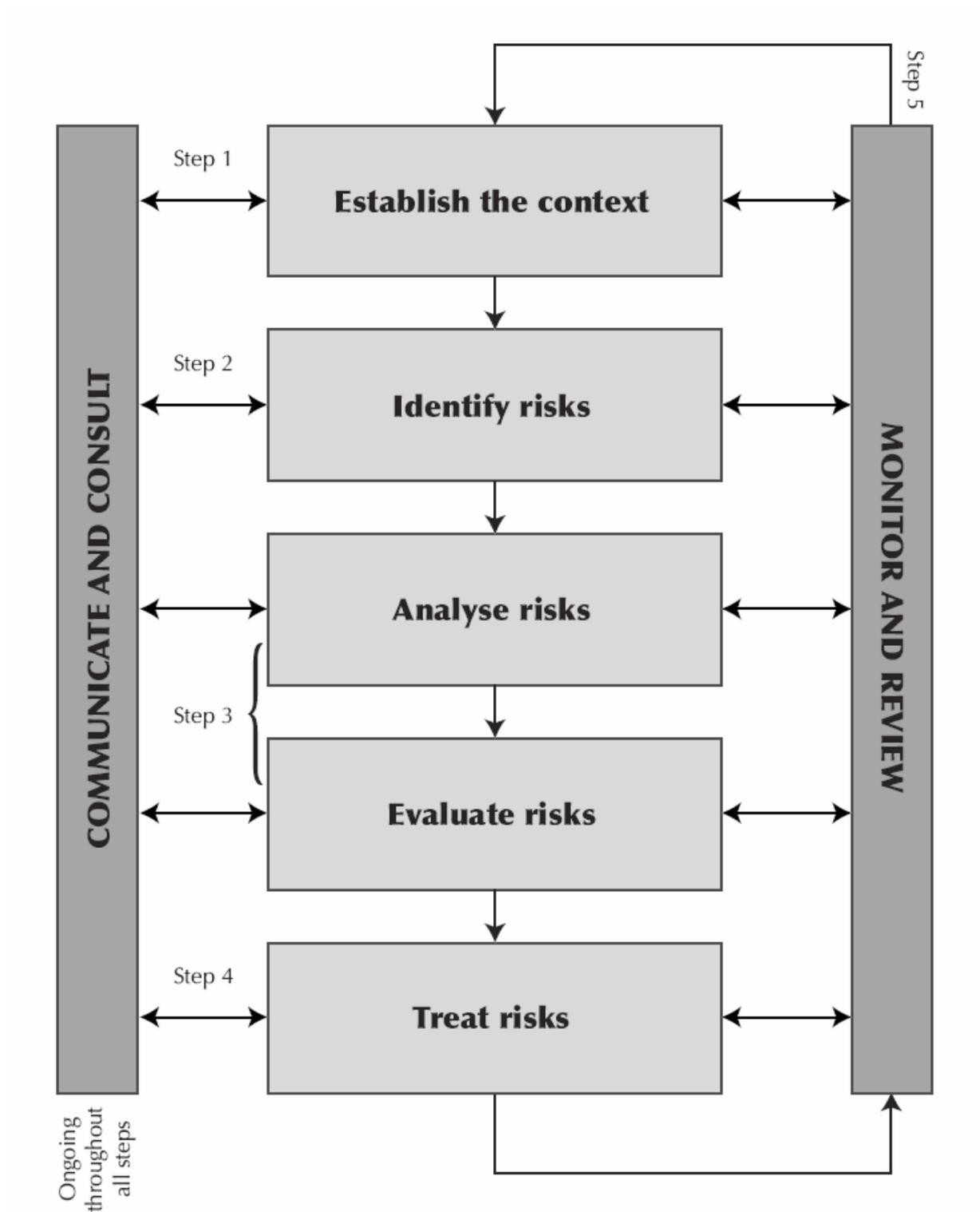
## Risk management is a five step process

- STEP 1**      Establish the context.
- STEP 2**      Identify risks.
- STEP 3**      Analyse and evaluate risks.
- STEP 4**      Treat risks.
- STEP 5**      Ongoing monitoring and review.

### ***Important***

Throughout each step it is essential that there is consultation and communication with everyone involved in the event including (internal and external stakeholders).

## Risk Management Process



## Communication & Consultation

Communication and consultation are essential to the overall risk management process.

The effectiveness of an event holders' risk management process depends upon, amongst other things, involving the right people at the right time and ensuring they understand, are involved in, and contribute to the process.

Each step of the risk management process relies on communication and consultation to achieve its purpose. For instance in:

- Setting the context - consultation with internal and external stakeholders is essential to reach a thorough understanding of the operating environment and to define the purpose and scope of the exercise.
- Risk identification - a diversity of input can prevent important risks being overlooked and ensure that risks are accurately described.
- Risk assessment - communication and consultation allows all perspectives to be considered in arriving at a realistic level of risk.
- Risk treatment - is more effective because treatment plans are better understood.
- Monitor and review - depends upon effective communication to ensure risk information is in use and current.

Communication and consultation does not mean asking everybody their opinion about everything. When planning consider the following in relation to communication and consultation requirements:

- Objectives – what are the aims of involving different people in the process?
- Participants – who are the appropriate parties to be involved at each step of the process?
- Perspectives – what particular contribution or view point is anticipated and required from each participant?
- Methods – how will consultation take place? It may not always be practical to get all the parties together in one place.

### STEP 1 Establish the Context

Effectively identify risks will include taking into account the event objectives and event holder capabilities as well as factors external to the organisation or event.

#### 1. Overview

Be clear on:

- The scope and objectives of the risk management planning in relation to the event.
- Answering the 'who', 'what', 'when', 'how' and – 'with what' questions?
  - Who is going to be involved?

- What are they actually going to be doing?
- When are they going to be doing it?
- How are they going to do it?
- With what resources will they undertake this?

## 2. Develop Risk Criteria

- Develop risk criteria – decide the criteria against which risks are to be evaluated. Important criteria that should be considered include:
  - the kinds of consequences that will be considered
  - how likelihood will be defined
  - how it is determined whether the risk level is such that further treatment activities are required.

*Note: A set of sample risk reference tables (i.e. risk criteria) have been provided at **Attachment A**. These tables are examples only and event holders will need to develop their own, relevant to the event. Remember, it is not possible to understand a risk assessment without documenting the risk reference tables that have been used.*

## 3. Risk Assessment (specific issues)

Establish the boundaries for each specific risk assessment.

- Define the event for which risks are to be identified
  - define functions or activities; or
  - project stages; or event stages.
- Will there be more than one assessment undertaken, and how often will it be reviewed?

*Note: Key activities can be categorised into three levels with associated risk:*

**Strategic** - Risks associated with the high-level longer-term goals, objectives or strategies of the organisation, business or association. For example, the desire to grow the event and its reputation over future years.

**Operational** - Risks associated with the day-to-day functions of event planning and delivery, safety and security, marketing and promotion, and financial management.

**Project/Event** - Those risks associated with the specific event including all phases of the event (i.e. concept, planning, implementation, and event operation).

## STEP 2 Identify Risks

The purpose of this step is to identify what could go wrong and what could happen to prevent the event from being successful or doing what was originally set out to do. Before you do this, it is important that you determine the 'critical success factors' for your event. Critical success factors are the elements that you need to get right in relation to the event (e.g. safe handling & serving of food/beverages, safe equipment use...etc.). If you establish what it is that is critical you get right, it will be far easier to articulate the risk (e.g. Failure to ensure safe handling and serving of food/beverages, failure to ensure safe equipment use...etc) and you will keep your event risk assessment at the right level. Once you have established the critical success factors and likely risks, consider the following:

### Methods

- **Experience and records:** Start by reviewing internal and industry records for the types of incidents that have happened in the past (this is only an indicator as not all future risk incidents have previously happened).
- **Brainstorming:** Get together with those who know the event well to find out what the business relies upon and the things that can – and do – go wrong.
- **Analysis:** Analyse internal systems and processes to identify critical points. For example, when will event volunteers be briefed, it may be a critical point in the process and the last opportunity to ensure they have the relevant information. Equally, the organiser may be engaging other services for the event and will need to ensure that the provider is able to demonstrate adequate insurance cover prior to any contract being signed off.
- **Personal feedback:** Look up any reports or reviews that might identify things that could affect the ability of the event to succeed. The advent of social media means that many successful and less than successful events have running commentary available relating to how well those events were managed. More broadly, using the internet can help identify how well similar international, national and state events have been run and put organisers in contact with event managers who can provide personal feedback.
- **Audit and other recommendations:** Look for findings (e.g. of financial audits or post event evaluations) as they may also identify things that could affect the ability of the event to succeed.

### Key Questions

- **What can happen?** List risks, incidents or accidents that might happen by systematically working through each function, activity or stage of the event to identify what might happen at each stage. Think about:
  - Inadequate venue selections and site plans
  - Inadequate promotion of the event
  - Inadequate ticketing

- Failing to ensure adequate waste management, lighting and power, water and toilets
- Poor weather
- Unsatisfactory food hygiene
- Inadequate emergency procedures, including first aid and medical services
- Lack of document retention
- Failing to secure appropriate licenses (e.g. liquor licences, council permits)
- Poor consultation or briefings with stakeholders
- Inadequate signage

The above is not an exhaustive list. Many of the risks event holders should consider will be relevant to the event, but the more people involved in risk identification the better.

- **How and why it can happen?** List the possible causes and scenarios or description of the risk, incident or accident.

### **STEP 3    Analyse and Evaluate Risks**

This involves analysing the likelihood and consequences of each identified risk (using the established risk criteria – refer Attachment A for sample tables). When multiplied this will provide the overall level of risk. The purpose of this step is to separate high risks from low risks, to prioritise those areas where resources should be allocated.

- **Likelihood:** This is a measure of how likely it is that a certain consequence will eventuate, ranging from rare to almost certain. What is the likelihood of the risk occurring?
- **Consequence:** This is the impact or outcome of a risk eventuating. A risk can have multiple consequences being a loss, injury, disadvantage or gain. What is the consequence of the risk?

**Process:**

- Look at the adequacy of existing controls. Identify how the risk is currently being mitigated.
- What are the consequences if it occurs?
- How likely is it to occur? (Evaluate likelihood based on existing controls)
- Multiply consequences by likelihood to give a level of risk.
- Review the level of risk determined against the acceptance criteria identified in Step 1.
- Decide which risks are to be treated or accepted. Decide this by identifying at what value a risk changes from being acceptable to unacceptable.

- Record the analysis (Refer to Attachment B for a sample risk identification form and risk register – the tools that could be used to record the analysis.)

**Hint:** *Only select the consequence categories that are relevant to that risk. You do not have to rate every consequence category for each risk. Some consequences will not be applicable to a specific risk. Where there are multiple ratings for a risk the highest combination of consequence/likelihood is taken as the overall level or risk).*

## STEP 4 Treat Risks

If a risk is identified as *high* or *unacceptable* then it should be evaluated in terms of what else can be done to reduce the risk by implementing new risk controls (these are termed 'Treatment Action Plans' until such time as they are in place, up to date, documented, effective and being used. Then they can be considered to be 'Controls'). The alternative is to enhance existing controls.

### ***What are the choices?***

- **Reduce the likelihood** of the risk occurring;
- **Reduce the consequences** of the risk occurring;
- **Accept the risk** on the basis that you are doing all things reasonable;
- **Avoid the risk** by discounting this activity – don't do it!; or
- **Transfer the risk** by way of contract, insurance, etc.

### ***Key Questions***

- What is currently being done to control this risk?
- What resources will be required to implement the chosen control(s)?
- Is it worth doing? i.e. cost versus benefit consideration.

**Hint:** *Remember that 'Controls' are elements you have in place already to prevent or mitigate the risk, and 'Actions' are further improvements that you intend to undertake.*

## STEP 5 Monitor & Review

Risk management is an ongoing process, so event holders need to regularly review whether anything has changed which may impact on the risk issues previously identified.

### ***This can be done by:***

- Risk reviews.
- Review progress of new 'Treatment Action Plans' (i.e. the implementation of new controls).

- New risks can also be identified from:
  - Accident, incident and claims reports;
  - Findings, financial audits and post event evaluations;
  - Physical inspections;
  - Reviewing other similar events;
  - Speaking with stakeholders/Committee; and
  - Reviewing the performance of the event.

## **Additional Resources**

- Australian New Zealand Standard: Risk Management – Principles and Guidelines (AS/NZS ISO 3100:2009)  
[www.standards.org.au](http://www.standards.org.au)
- Delivering Assurance based on AS/NZS ISO 31000:2009 - Risk Management - Principles and Guidelines (HB 158-2010)  
[www.standards.org.au](http://www.standards.org.au)
- Tourism Western Australia: Resource for Events in Western Australia to assist in safe and efficient event planning and conduct (October 2012)  
[www.tourism.wa.gov.au](http://www.tourism.wa.gov.au)
- Department of Health – Guidelines for Concerts, Events & Organised Gatherings (December 2009)  
[www.public.health.wa.gov.au](http://www.public.health.wa.gov.au)
- RiskCover: Risk Management & Business Continuity Management Guidelines  
[www.riskcover.wa.gov.au](http://www.riskcover.wa.gov.au)
- State Law Publisher  
[www.slp.wa.gov.au](http://www.slp.wa.gov.au)

## Attachment A – Sample Risk Reference Tables

Risk Reference Tables are developed for the purpose of establishing guidance as to how risks are to be evaluated, assessed, measured, accepted and monitored.

Commonly there are five tables used:

Table 1 – Existing Controls Rating Table

Table 2 – Consequence Table (Qualitative Measures of Consequence)

Table 3 – Likelihood Table (Qualitative Measures of Likelihood)

Table 4 – Risk Assessment Criteria Table

Table 5 – Risk Acceptance Criteria Table

A sample of each risk reference table is provided for reference.

**TABLE 1 – Existing Controls Rating Table**

LEVEL	DESCRIPTOR	FORSEEABLE	EXAMPLE DETAIL DESCRIPTION
E	Excellent	More than what a reasonable person would be expected to do in the circumstances.	Excellent controls fully in place and require only ongoing maintenance and monitoring. Protection systems are being continuously reviewed and procedures are regularly tested.
A	Adequate	Only what a reasonable person would be expected to do in the circumstances.	Being addressed reasonably. Protection systems are in place and procedures exist for given circumstances. Period review.
I	Inadequate	Less than what a reasonable person would be expected to do in the circumstances.	Little or no action being taken. Protection systems exist or they have not been reviewed for some time. No formalized procedures.

**TABLE 2 – Consequence Table (Qualitative Measures of Consequence)**

LEVEL	RANK	INJURIES	REPUTATION & IMAGE	FINANCIAL LOSS	OPERATIONAL EFFICIENCY	INTERRUPTION TO SERVICES	SOCIAL/COMMUNITY
1	Insignificant	Minor incident / near miss report but no immediate signs of injury	Individual stakeholder complaint. Issue rectified at local level	Revenue/cost impact 0-2% of operational budget	Impact absorbed through routine operations	All event activity stopped for less than 2 hours	Low localised situation with no broader impacts
2	Minor	Injury or illness requiring first aid only	Negative media article. Low local exposure. Stakeholder complaint handled at Line Manager level	Revenue/cost impact 2-5% of operational budget	Minor delays in achieving objectives. Majority of objectives remain on track.	All event activity stopped for 2 – 4 hours	Minor delay impacting on ability to meet social / community expectations
3	Moderate	Medical treatment necessary/ Insurance claim/ rehabilitation program/ lost time injury or illness.	Some negative media coverage or industry criticism. Stakeholders make formal complaints.	Revenue/cost impact 5-10% of operational budget	Management effort required to re-direct resources to avoid delays in achieving strategic intents. Administration of the event could be subject to significant review or change	All event activity stopped for 4 hours – 1 day	Community backlash, Social and community rejection
4	Major	Substantial damages / life threatening injury or illness	Extensive public criticism. State-wide media exposure. Public embarrassment. Loss of credibility.	Revenue/cost impact of 10-20% of operational budget	Significantly reduced ability to achieve objectives / key deliverables. Continued function of the event would be threatened.	All event activity stopped for 1 – 3 days	Long delays in event delivery leads to stakeholder impacts socially, economically and financially. Emerging environment and/or health issues.
5	Catastrophic	Loss of life. Permanent disabilities	Sustained State and National media reporting. Very high multiple impacts across stakeholders. Third party actions	Revenue/cost impact more than 20% of operational budget.	Failure to achieve one or more key deliverables resulting in, major flow on effects for external stakeholders.	All event activity stopped for more than 3 days	Widespread social problems causing multiple impacts. Serious long term environmental and health issues.

**TABLE 3 – Likelihood Table (Qualitative Measures of Likelihood)**

LEVEL	DESCRIPTOR	EXAMPLE DETAIL DESCRIPTION	FREQUENCY
1	Rare	The incident may occur only in exceptional circumstances.	Less than once in 5 years
2	Unlikely	The incident could occur at some time.	At least once in 5 years
3	Moderate	The incident should occur at some time.	At least once in 3 years
4	Likely	The incident will probably occur in most circumstances.	At least once per 1 year
5	Almost certain	The incident is expected to occur in most circumstances.	More than once per year

**TABLE 4 – Risk Assessment Criteria Table**

Consequence		Likelihood				
		1 Rare	2 Unlikely	3 Moderate	4 Likely	5 Almost Certain
1	Insignificant	1	2	3	4	5
2	Minor	2	4	6	8	10
3	Moderate	3	6	9	12	15
4	Major	4	8	12	16	20
5	Catastrophic	5	10	15	20	25

**TABLE 5 – Risk Acceptance Criteria Table**

LEVEL OF RISK	CRITERIA FOR MANAGEMENT OF RISK		WHO IS RESPONSIBLE
1 – 3	Low	Acceptable with adequate controls.	Risk Owner
4 – 8	Moderate	Only acceptable with adequate controls.	Risk Owner
9 – 15	Significant	Only acceptable with Excellent controls.	CEO / Executive Group
16 – 25	Extreme	Usually unacceptable unless risk reduced to 'As Low As Reasonably Practicable and then only acceptable with Excellent controls.	CEO / Executive Group

## Attachment B – Sample Risk Identification Worksheets

The following worksheets are two different examples for how identified risks could be recorded.

### Example 1 – Risk Identification Worksheet

Activity/Event & Critical Success Factors	Risk Ref No.	Risk (What can go wrong?)	Level of Risk	Action 1	Action 2	Action 3	Predicted Level of Risk

**Example 2 – Risk Identification Worksheet**

<b>Business/Association/ Club/Group</b>					
Activity/Event & Critical Success Factors					
Risk Ref. No.		Risk (What can go wrong)			
Existing preventative measures:					
Consequence if Risk occurs (Select worst/or largest impact)					
Consequence rating		Likelihood rating		Level of risk	
What can you do about it? (Actions)					
1.		Due Date		Status (In progress/ Complete)	
2.		Due Date		Status (In progress/ Complete)	
3.		Due Date		Status (In progress/ Complete)	
Level of risk after actions:					
Consequence rating		Likelihood rating		Level of risk	
Name:				Date:	